

Cash and Investments Held Outside of the U.S. Treasury

**Presentation for the Department of the Treasury's
16th Annual Government Financial Management Conference**

August 9, 2006

Panel Discussion Items

- **Panel Introduction**
- **CIHO – Past, Present, and Future Reporting**
- **Departmental Concerns**
- **CIHO – A USSGL Perspective**
- **FACTS II Reporting**
- **Budget Issues**
- **Question and Answer Session**

Facilitator

Richard A. Harris, CBCP, PMP
Agency Relationship Management Division
Federal Finance,
Treasury, Financial Management Service

Cash and Investments Held Outside of the U.S. Treasury

**Presentation for the Department of the Treasury's
16th Annual Government Financial Management Conference**

CIHO – Past, Present, and the Future

**Issuance of TFM Chapter 1-2-3400
Reporting Volumes
Correspondence with Agencies**

**Senita Beverly, Director
Cash Accounting Division
Government-wide Accounting
Treasury, Financial Management Service
August 9, 2006**

Background

- **In 2002, Cash Accounting Division (CAD) issued TFM 2-3400 that outlined requirements for central reporting of cash and investments held outside of Treasury.**

Authority

- **Federal Agencies must have authority to hold cash in non-Treasury Accounts, as well as to invest in non-federal securities.**
- **Surveys were sent out in June 2006 to CFOs requesting the public law that gives the authority.**

Definitions

- **Cash Held Outside of the U.S. Treasury:**
funds not deposited in a Treasury designated depository
- **Investments in Non-Federal Securities:**
investments in securities that are not issued by Treasury or any other Federal agency

Reporting Guidelines

- **I TFM 2-3400 - Accounting for and Reporting of Cash and Investments Held Outside of the U.S. Treasury**
- **Agencies are required to report budgetary and non-budgetary cash and investment held outside of the U.S. Treasury activity monthly via FMS 224, FMS 1219/1220 or SF 1218/1221.**
- **Agencies should no longer be holding ending accountability balances.**

Reporting Volume

- **33 agencies are currently reporting cash and/or investments held outside of the U.S. Treasury**
- **Reported cash held outside of the U.S. Treasury totaled \$4,384,329,267.35 for FY2005**
- **Reported investments in non-Federal securities totaled \$44,147,662,537.64 for FY2005**

Confirmation of Balances

- **Balance confirmations will be requested quarterly, starting with FY 2006 3rd Quarter (June 2006).**
- **An annual comparison of Statement of Transactions cumulative data to Governmentwide Financial Report System (GFRS) data is made.**

TFM Modifications

- **After over 3 years of reporting by agencies and issues identified, the TFM is in the process of being updated.**
- **Send your issues or suggestions for changes/additions to I TFM 2-3400.**

Contacts

- **FMS 224, 1219/1220, and 1218/1221 entries:**

Latoya Mosley – (202) 874-8103

Latoya.Mosley@fms.treas.gov

Contacts

**Fax request for use of subclass symbols to:
Budget Reports Division (202) 874-9966**

Your fax should identify:

- **Subclasses needed**
- **The Treasury Account Symbol(s) to be used**
- **The dollar amount of your initial reporting**

CIHO - Past, Present, and Future

QUESTIONS?

Cash and Investments Held Outside of the U.S. Treasury

Presentation for the Department of the Treasury's
16th Annual Government Financial Management Conference

CIHO – Departmental Concerns Treasury's Office of Domestic Finance and Office of the Fiscal Assistant Secretary

Cash Profile
Cash Collateral
Securities
Foreign Currency

Dan Decena
United States Department of the Treasury
Office of the Fiscal Assistant Secretary
August 9, 2006

CIHO – Departmental Concerns

Survey of Cash and Investments Held Outside Treasury (Objectives)

To provide Treasury's Domestic Finance and the Office of the Fiscal Assistant Secretary with a profile of cash and investments held outside Treasury in order to facilitate effective cash and debt management for the Federal Government as a whole;

**To determine whether this cash is adequately controlled and secured;
and**

To ensure that this cash is properly accounted and reported.

CIHO – Departmental Concerns

Developing cash profiles (starting with the ten largest agency holdings) to determine:

- **Statutory authority for depositing cash held outside Treasury;**
- **Purpose of the cash;**
- **Source of the cash;**
- **Depository institutions where cash is held;**
- **How depository institution was chosen and how they are paid for their services.**

CIHO – Departmental Concerns

Cash collateral retained as security

Federal securities held outside Treasury

Non-federal securities held outside Treasury

**Foreign currency held outside Treasury (specify
currency denominations)**

Other types of funds held outside Treasury

Cash and Investments Held Outside of the U.S. Treasury

**Presentation for the Department of the Treasury's
16th Annual Government Financial Management Conference**

CIHO - A USSGL Perspective

**Michele Crisman
United States Standard General Ledger Division
Government-wide Accounting
Treasury, Financial Management Service
michele.crisman@fms.treas.gov
August 9, 2006**

CIHO - A USSGL Perspective

Can any Fund have CIHO?

- **The general rule is NO**
 - **An agency must have specific authority to have CIHO.**

CIHO - A USSGL Perspective

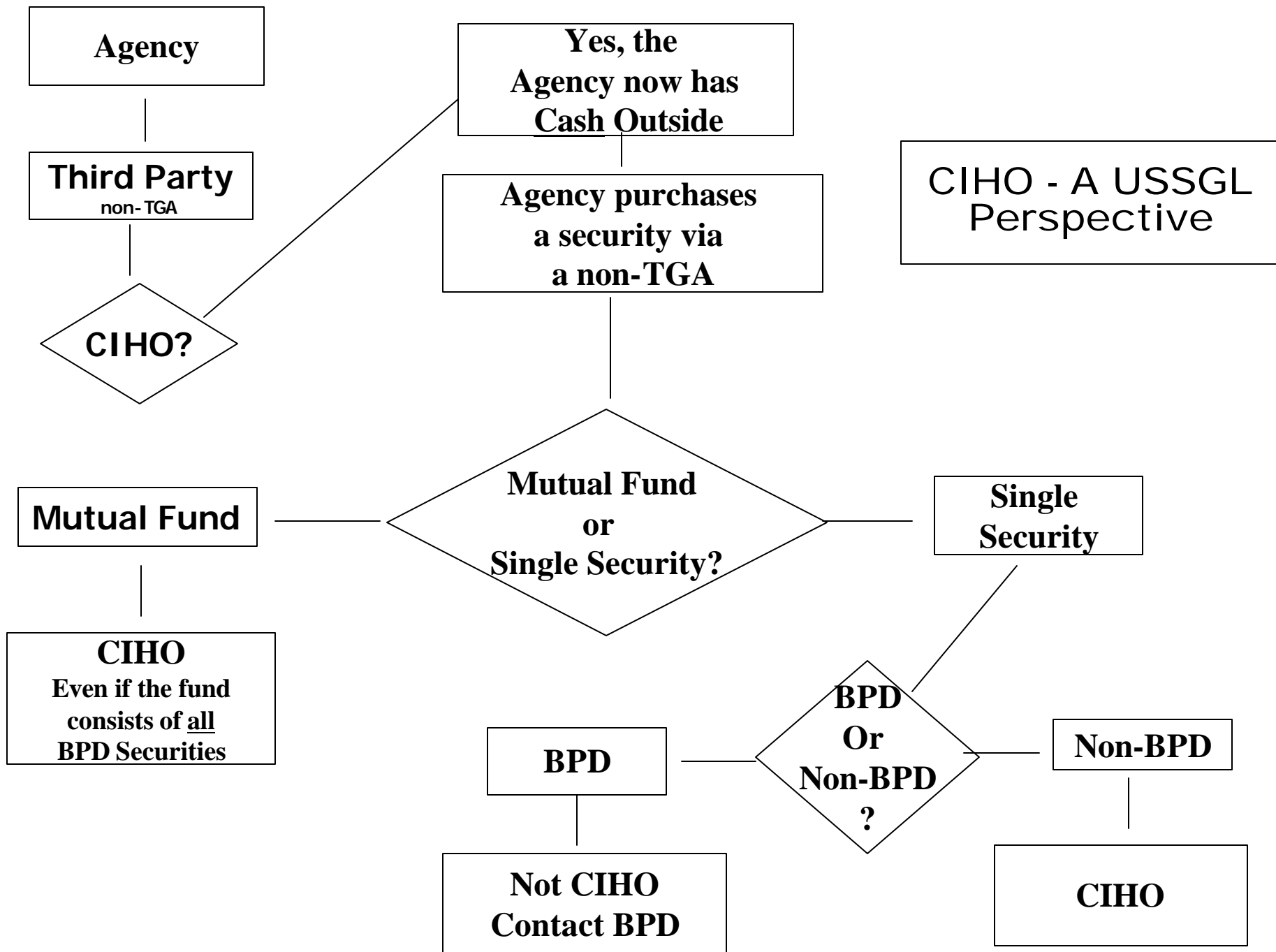
**Is everything held in a non-TGA
considered CIHO?**

– Yes! Except for BPD security.

- If a BPD security is purchased through a third party it is not CIHO and the Agency must contact BPD.**

CIHO - A USSGL Perspective

What is considered CIHO?



CIHO - A USSGL Perspective

224 Subclass Descriptions:

- (41) Funds Held Outside of the U.S. Treasury
- (43) Change in Non-Federal Securities (Market Value)
- (44) Offset of Change in Non-Federal Securities (Market Value)

CIHO - A USSGL Perspective

USSGL Beginning Balances before CIHO:

1010	400
3310	(400)
4252	400
4610	(400)

CIHO – A USSGL Perspective

Highlight of Accounting Events

1. Deposits monies in a non-TGA (TGA to non-TGA)

<u>USSGL</u>		<u>224</u>	
1130 FHBP	80	Section I	
1010 FBWT	80	(41) TAS, Col. III Disb.	80

2. Agency purchases a non-BPD security (i.e. mutual fund) from monies in a non-TGA. (non-TGA to non-TGA)

<u>USSGL</u>		<u>224</u>	
1620 Inv. In Sec.		Section I	
Other than BPD	50	(43) TAS, Col. III Disb.	50
1130 FHBP	50	(44) TAS, Col. III Disb	(50)
		TAS, Col. III – Disb.	50
4610 Allot. – Real. Res.	50	(41) TAS, Col. III – Disb.	(50)
4902 Del. Ord. Pd	50		

CIHO - A USSGL Perspective

Ending Balances after CIHO:

USSGL

1010	320
1130	30
1620	50
3310	(400)
4252	400
4610	(350)
4902	(50)

224 – Col III Disbursement.

TAS	50
(41) TAS	30
(43) TAS	50
(44) TAS	(50)

CIHO - A USSGL Perspective

Theory:

USSGL Crosswalked to 224 Reporting

1110	}	=	(41) TAS
1120			
1130			
1190¹			
1620		=	(43) TAS & (44) TAS

¹ Deposit funds use 1190 to report CASH in non-TGA.

CIHO - A USSGL Perspective

	CIHO	Imprest Fund
Outlay	As they occur	When funds are replenished
Need a Law?	Yes³	No, but one needs a waiver from FMS
Need FMS Approval?	No	Yes
USSGL Accounts⁴	1130 1190⁵ 1620	1120

³The general rule is yes.

⁴See USSGL TFM for complete list of USSGL accounts.

⁵Deposit Funds

CIHO - A USSGL Perspective

I have CIHO! Who do I contact first for help and what information should I have ready to give them?

- Contact the Budget Department**

- Bureau
- Agency
- OMB program examiner

- Information needed:**

- TAS
- U.S. Code authorizing CIHO

CIHO - A USSGL Perspective

Links:

OMB Circular A-11:

http://www.whitehouse.gov/omb/circulars/a11/current_year/a11_toc.html

CIHO TFM 2-3400:

<http://www.fms.treas.gov/TFM/vol1/v1p2c340.pdf>

USSGL TFM:

http://www.fms.treas.gov/USSGL/selection_page.html

CIHO - A USSGL Perspective

Acronyms:

BPD	Bureau of the Public Debt
BRD	Budget Reports Division
CIHO	Cash and Investments Held Outside
FMS	Financial Management Service
FRD	Financial Reports Division
OMB	Office of Management and Budget
TAS	Treasury Account Symbol
TFM	Treasury Financial Manual
TGA	Treasury General Account
USSGL	United States Standard General Ledger

CIHO - A USSGL Perspective

USSGL Accounts Used In This Presentation:

1010	Fund Balance With Treasury
1110	Undeposited Collections
1120	Imprest Funds
1130	Funds Held by the Public
1190	Other Cash
	Investments in Securities Other Than the
1620	Bureau of the Public Debt Securities
3310	Cumulative Results of Operations
	Reimbursements and Other Income Earned -
4252	Collected
4610	Allotments - Realized Resources
4902	Delivered Orders - Obligations, Paid

CIHO - A USSGL Perspective

QUESTIONS?

Cash and Investments Held Outside of the U.S. Treasury

**Presentation for the Department of the Treasury's
16th Annual Government Financial Management Conference**

CIHO - FACTS II Reporting

**Nikcola Smith
Budget Reports Division
Government-wide Accounting
Treasury, Financial Management Service
August 9, 2006**

CIHO - FACTS II Reporting

- **Agencies report transactions on the SF-224 by using Subclass 41 (Funds Held Outside of the Treasury)**
- **STAR accumulates a balance based on the SF-224 reporting**
- **The balance is transmitted into FACTS II**

CIHO - FACTS II Reporting

To report the Subclass 41 in FACTS II use:

- **USSGL Account 1120 (Imprest Funds)**
- **Account 1130 (Funds Held by the Public)**

CIHO - FACTS II Reporting

FACTS II

File Edit Tools Reports Window Help

FACTS II - Preparer ID KBEIMEL, KRISTIN MARIE BEIMEL

TAFS Title : Defense nuclear nonproliferation

SGL Acct.	Debit/ Credit	Begin/ End	Amount	Authority Type	Appor Category	Appor Cat B #:	Prog Rpt Cat #:
70- -X-0400-000-000-0							
70- -01-0400-000-000-0							
70- -02-0400-000-000-0							
70- -03-0400-000-000-0							
70- -04-0400-000-000-0							
70- -05-0400-000-000-0							
2005-Quarter 3							
2005-Quarter 4							
2006-Quarter 1							
2006-Quarter 2							
2006-Quarter 3							
70- -06-0400-000-000-0							
70- -0102-0400-000-000-							
70- -0405-0400-000-000-							
70- -0506-0400-000-000-							
70- -0607-0400-000-000-							
70- -X-0401-000-000-0							
1010		End	126,342,735.44				
1120	D	End	577,006.82				
4119	D	End	1,162,125,000.00P				
4170	C	End	18,000,000.00P				
4221	D	End	3,593,981.86				
4251	D	End	4,862,407.82				
4252	D	End	4,680,085.00				
4610	C	End	1,611,281.54				
4801	C	End	3,593,981.86		A - Category A	99	
4801	C	End	75,915,704.56		A - Category A	99	
4802	C	End	7,101,318.11		A - Category A	99	
4901	C	End	1,869,650.18		A - Category A	99	
4901	C	End	52,385,513.80		A - Category A	99	
4902	C	End	7,672,842.64		A - Category A	99	
4902	C	End	1,007,111,181.99		A - Category A	99	
Total Ending Budgetary			,175,261,474.68				
Total Ending Budgetary Credits:			,175,261,474.68				

Fund Symbol

Double click on row to see/edit details. Right Click for other options.

Ready

CIHO - FACTS II Reporting

Undisbursed Balance	
Fund Symbol	Pre Closing Balance
70--05-0400-000-000-0-	126,342,735.44
70--05-0400-000-000-0-921	577,006.82
Total Pre Closing Balance:	126,919,742.26
<div>Copy OK</div>	

2108 Year-End Closing Statement

Reported On	126,342,735.44		126,342,735.44	4,862,407.82	3,593,981.86	79,509,686.43	54,255,163.98	1
11/2/2005 16:00:17								
70 05 0400 000 000 0 921								
Reported On	577,006.82		577,006.82					
11/2/2005 16:00:17								

CIHO - FACTS II Reporting

Edit 6 = Treasury Fund Balance
Verification for RT7 balances

- **Edit 6 verifies balances captured in Treasury's STAR system with FACTS II ATBs**
- **The RT7 balances that are involved in this edit include Investments, Cash Held Outside of the Treasury, Borrowing Authority and Contract Authority**
- **This edit is a 4th Quarter Edit**

CIHO - FACTS II Reporting

Edit 6 as seen on the FACTS II Edit Check Report

Edit 6 Treasury Fund Balance Verification for RT7 Accounts

921 Preclosing Balance :	577,006.82
921 ATB/SGL Amount :	577,006.82
921 Discrepancy :	0.00

CIHO - FACTS II Reporting

Investments In Non-Federal Securities: Current

- Agencies report transactions on the SF 224 using subclasses 43 and 44 (refer to I TFM 2-3400: Accounting for and Reporting on Cash and Investments Held Outside of the Treasury)
- The balance is not reported in FACTS II
- The balance is not reflected on the FMS 2108, SF 133 nor the P & F Schedule

CIHO - FACTS II Reporting

The future of reporting for Change in Non-Federal Securities (Market Value)

- Agencies will report Non-Federal Investments in FACTS II.

The balance will be reflected on the P&F Schedule, but not on the FMS 2108 & SF 133.

CIHO - FACTS II Reporting

OMB's Expectations

- **Identify SGL accounts that reflect non-federal investments**
- **Identify TAFS that have authority to invest in Non-Federal Securities (the source will be subclass 43 reporting captured in STAR)**

CIHO - FACTS II Reporting

Our Plan

1. **Decide how the data will be edited. The possibilities are:**
 - a. Only those TAFS with Subclass 43 will have access to SGL accounts that reflect Non-Federal Investments
 - b. Edit beginning balances
 - c. Edit ending balances

CIHO - FACTS II Reporting

Our Plan (continued)

- 2. Develop FACTS II requirements**
- 3. Test requirements**
- 4. Our goal is to implement reporting for Subclass 43 in 2007**

CIHO - FACTS II Reporting

QUESTIONS?

Cash and Investments Held Outside of the U.S. Treasury

**Presentation for the Department of the Treasury's
16th Annual Government Financial Management Conference**

CIHO – Budget Issues

**Teresa A. Tancre, CGFM
Budget Review and Concepts Division
Office of Management and Budget
August 9, 2006**

HISTORY

- Prior to FY 2002, OMB program examiners as well as OMB Budget Concepts Branch would “**accidentally**” identify situations where cash and investments were held outside of the U.S. Treasury.
- After a number of years passed, OMB Budget Concepts Branch determined that it was necessary for the Federal agencies to account for these holdings as part of all Federal assets.
- After conferring with Treasury, OMB and Treasury decided to have a joint effort to develop guidance to account for these Federal assets that were excluded from both Treasury reports as well as the President’s Budget.

BUDGETARY VERSUS NON-BUDGETARY

- **Budgetary Funds**
 - Amounts currently included in the Budget of the United States Government or designated by the Office of Management and Budget as belonging in budget totals
 - A subset of which are cash and investments held outside of the U.S. Treasury
- **Non-Budgetary Funds**
 - Amounts in Federal custody that are not to be included budget totals

BUDGETARY FUNDS: CASH AND INVESTMENTS HELD OUTSIDE OF THE U.S. TREASURY

	CASH	FEDERAL INVESTMENTS	NON-FEDERAL INVESTMENTS
DEFINITIONS	<ul style="list-style-type: none">• Cash deposited in accounts outside of the U.S. Treasury, non-Treasury General Accounts	<ul style="list-style-type: none">• Securities issued by Federal agencies• Federal securities purchased in secondary market by Federal entities	<ul style="list-style-type: none">• Securities issued by a non-Federal entity regardless of whether the securities are federal guaranteed• Investments by Federal agencies in money market as well as mutual funds
HOW REFLECTED IN THE BUDGET	<ul style="list-style-type: none">• Unobligated balances• Obligated balances• Both	<ul style="list-style-type: none">• Unobligated balances• Obligated balances• Both	<ul style="list-style-type: none">• Neither. → Non-Federal investments are considered an obligation and outlay to the Federal government.

BUDGETARY FUNDS: NON-FEDERAL INVESTMENT ACTIVITY

- Separate receipt accounts should be established for special and non-revolving trust funds for investments held outside of the U.S. Treasury
- Receipt accounts may include, but are not limited to, the following:
 - Interest and dividends on non-Federal securities;
 - Realized gains on non-Federal securities; and
 - Proceeds from non-Federal securities not immediately reinvested.

ACCOUNTING FOR NON-FEDERAL INVESTMENT ACTIVITY VIA FACTS II

- FACTS II edit check for non-Federal investments
 - Identify which Treasury Appropriation Fund Symbols reported under subclass 43

Why?

- To have the total Federal assets reported and included in the budget as well as Treasury reports
- To ensure that both agency accountants and agency budgeters are aware of this financial activity

NON-FEDERAL INVESTMENT ACTIVITY and THE BUDGET PROGRAM AND FINANCING SCHEDULE

Total investments, non-Federal securities: Market value

- Memorandum entries presented in the President's Budget in the Program and Financing Schedule
- Changes in the value of the account's portfolio due to purchases, sales, and market conditions
- Beginning and ending balances
- Prior Year (PY) column populated by FACTS II data
- Current Year (CY) and Budget Year (BY) column estimated by Federal agency

BUDGET CONTACTS – WHAT ARE THE APPROPRIATE STEPS?

- Contact budget counterpart
(bureau then agency level)
- Allow agency budget counterpart
to contact OMB program examiner
- Allow OMB program examiner to
contact OMB Budget Concepts
Branch

Budget Concepts

QUESTIONS?